

TO SECURITY HOLDERS
FOR THE PERIOD OF OCTOBER 1, 2016 TO SEPTEMBER 30, 2017

MESSAGE TO SECURITY HOLDERS
OF DESJARDINS FUNDS

The members of the Desjardins Funds' Independent Review Committee (the "IRC") submit their Annual Report to Security Holders of Desjardins Funds (the "Funds").

Under *National Instrument 81-107, Independent Review Committee for Investment Funds* ("NI 81-107"), which came into force in 2007, all investment funds created in Canada and that are reporting issuers are required to set up an independent committee to advise the fund manager with respect to conflicts of interest that may arise in its fund management.

When the IRC was created in 2007, the Fédération des caisses Desjardins du Québec (the "FCDQ") acted as the Funds' Manager. Since January 1, 2012, Desjardins Investments Inc. ("DII" or the "Manager") has succeeded the FCDQ in the role of Funds' Manager, and operates in accordance with *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

The IRC's mandate is to review conflict of interest matters referred to it by the Funds' Manager and to recommend actions to achieve a fair and reasonable result for the Funds.

The IRC must annually review the policies and procedures adopted by the Funds' Manager to resolve any potential conflict of interest matters. The IRC must ensure that these policies and procedures are adequate. At least once a year, the IRC must also review and assess the independence, effectiveness and compensation of its members.

The IRC works in the interest of the Funds and, consequently, of the Security Holders. Furthermore, the IRC collaborates effectively with the Funds' Manager.

Security Holders in a Fund may obtain a copy of this report free of charge by contacting Desjardins Funds Customer Service at 514 286-3499, 1 866 666-1280 or by visiting desjardinsfunds.com or sedar.com.



Jacques M. Gagnon
Chair, Desjardins Funds' Independent Review Committee

**Desjardins Funds' Independent Review Committee
Report to Security Holders**

(Section 4.4 of NI 81-107)

For the period from October 1, 2016 to September 30, 2017

Introduction

This report was prepared by the Independent Review Committee (the "IRC") for the Security Holders of each of the Desjardins Funds (the "Funds") listed at the end of this document.

Desjardins Investments Inc. is the Desjardins Funds' Manager and Sponsor.

This report was prepared in accordance with the provisions of *National Instrument 81-107, Independent Review Committee for Investment Funds* ("NI 81-107").

IRC Members

Jacques M. Gagnon, *Chair, Independent Review Committee*

Luc Pelland

Jean-Pierre Duguay

Mr. Gagnon was appointed on February 20, 2007 by the Board of Directors of the Fédération des caisses Desjardins du Québec, under the provisions of NI 81-107.

Mr. Gagnon was elected Chair of the IRC on October 3, 2007, the date on which the IRC officially assumed its responsibilities, for a term of three years. Mr. Gagnon's term was extended for another period of three years in September 2010. In September 2013, at the Manager's request and in accordance to NI 81-107, Mr. Gagnon's term was extended until December 31, 2015. During the IRC's meetings on December 15, 2015 and December 12, 2016, the Manager informed members of its intention to extend Mr. Gagnon's term, in the first instance until December 31, 2016 and in the second until December 31, 2017. With the agreement of all members and the Funds' Manager, his duties as Chair were extended until the end of each of these two terms.

Mr. Luc Pelland was appointed by the members of the IRC, in agreement with the Funds' Manager, and has been in position since January 1, 2012. His initial term having ended on December 31, 2014, the members, in agreement with the Funds' Manager, renewed his term for a period of two years, ending on December 31, 2016. During the IRC's meeting on December 12, 2016, the Manager informed members of its intention to extend Mr. Pelland's term until December 31, 2017.

Mr. Jean-Pierre Duguay was appointed by the members of the IRC, in agreement with the Funds' Manager, on January 1, 2015 for an initial term of three years ending on December 31, 2017.

None of the IRC members serve as members of an independent review committee for investment funds managed by another manager. IRC declarations show that none of its members has any relationship that would cause a reasonable person to question their independence.

FOR THE PERIOD OF OCTOBER 1, 2016 TO SEPTEMBER 30, 2017

Ownership of Securities

As at September 30, 2017, members of the IRC did not own, in aggregate, directly or indirectly, more than 10% of the outstanding securities of any of the Funds. None of the members of the IRC owns, directly or indirectly, securities of the Manager or an entity that supplies services to the Funds or the Manager or to affiliates of the Manager.

Compensation and Indemnities

The IRC members are entitled to compensation by the Funds. They may also be indemnified by the Funds when circumstances so justify, and if allowed by NI 81-107.

The IRC members meet with representatives of the Manager regularly, at least quarterly. At the end of each meeting, the IRC members meet privately, without the Manager's representatives, to freely discuss matters that involve them, as well as their concerns in this respect. The Chair then meets with one of the Manager's representatives to share the decisions made during said private meeting, as needed.

During its last year of operations, that is, from October 1, 2016 to September 30, 2017, the IRC held four regular meetings. The aggregate compensation paid by the Desjardins Funds to the IRC members for the period ended September 30, 2017 amounts to \$76,850. This amount was allocated proportionally among the Funds.

The initial compensation of the IRC members was set by the Manager, as stipulated in NI 81-107. Pursuant to its charter, the IRC reviews and assesses its compensation annually based on its last assessment, the number of Funds the IRC evaluates, as well as comparable industry practices.

Charter

The IRC has drawn up its charter in collaboration with the Manager. Adopted on October 3, 2007, the charter came into force on the same date and complies with NI 81-107, on which it is largely based. No changes were brought to the charter during the period outlined in this report.

Conflict of Interest Matters

During the year ended September 30, 2017, the IRC was not aware of any conflict of interest matters referred to it by the Manager in respect of which the Manager has not followed the IRC's recommendations.

The IRC is not aware of any conflict of interest matters referred to it by the Manager in respect of which the Manager has not complied with any conditions imposed by the IRC in its recommendations or its approval, as the case may be.

During the year, the Manager complied with the policies and procedures it adopted relating to the management of potential conflict of interest situations. The Manager also complied with the standing instructions approved by the IRC.

During the year, the Manager did not file any case for IRC approval or recommendation. The IRC received from the Manager the required disclosures in accordance with the standing instructions on *Transaction of securities of connected issuers, related issuers and significant shareholders*, on *Investments in security classes of an issuer where a related party acts as underwriter* and on *Transaction of securities with a Desjardins Group member*. As part of these disclosures, the Manager answered all questions asked by IRC members regarding the submitted transactions. The Manager also added to its disclosures all additional and relevant information requested by IRC members.

During the reference period, the IRC approved an amendment to the standing instruction on *Management mandates granted to Desjardins Global Asset Management*.

Potential conflicts of interest matters, for which the IRC's recommendation or approval may be required, depending on the situation, are listed below. At the start of its mandate, the IRC familiarized itself with this list, as well as the policies and procedures the Manager has adopted with respect to the listed potential conflict of interest matters. Accordingly, the IRC has made recommendations and the Manager has made changes to this list, as well as its policies and procedures:

Approvals

- Prohibited investments
- Self-dealing
- Inter-fund trades
- Restructuring an investment fund
- Changing the auditor of a mutual fund
- Purchasing and selling mortgage securities by the Desjardins Short-Term Income Fund from/to affiliates

Recommendations

- Allocating operating expenses between the investment fund and the Manager
- Allocating operating expenses between investment funds of the same family
- Changing the basis for calculating fees and expenses
- Introducing new fees or expenses
- Calculation error relating to the net asset value (NAV) or a distribution
- Changing the investment fund's constituent document
- Market timing
- Restructuring an investment fund
- Changing an investment fund's main investment objective
- Winding up the mutual fund
- Inappropriate investments by the investment fund
- Buying securities of the Manager or an entity of the same group as the Manager or an entity holding more than 20% of any of said entities
- Investing in an entity holding more than 20% of a fund
- Investing in an entity in which a Desjardins senior manager or an officer is an officer
- Inter-fund trades
- Soft dollar arrangements, except for executing orders
- Loaning securities
- Negotiating services for the investment fund with non-arm's length parties with respect to the Manager or a member of the investment fund's organization or an entity belonging to the same group as the Manager or a member of the investment fund's organization
- Replacing the external portfolio manager or sub-manager with a manager or sub-manager whose compensation is lower, where the unitholders of the investment fund do not derive any benefit
- Significant trading in the investment fund by security holders holding a very large number of securities (institutional investors or others)
- Ensuring that certain types of investors are not favoured with incentives

FOR THE PERIOD OF OCTOBER 1, 2016 TO SEPTEMBER 30, 2017

TRUST FUNDS

INCOME FUNDS

Desjardins Money Market Fund
(A-, I-, C- and F-Class Units)
Desjardins Short-Term Income Fund
(A-, I-, C- and F-Class Units)
Desjardins Canadian Bond Fund
(A-, I-, C- and F-Class Units)
Desjardins SocieTerra Canadian Bond Fund
(A-, I-, C- and F-Class Units)*
Desjardins Enhanced Bond Fund
(A-, I-, C- and F-Class Units)
Desjardins Global Inflation Linked Bond
Fund (A-, I-, C- and F-Class Units) (formerly
Desjardins Completion Investments Fund)
Desjardins IBrix Global Bond Fund
(A-, I-, C- and F-Class Units)
Desjardins SocieTerra Environmental Bond
Fund (A-, I-, C- and F-Class Units)
Desjardins Global Corporate Bond Fund
(A-, I-, C- and F-Class Units)
Desjardins Floating Rate Income Fund
(A-, I-, C- and F-Class Units)
Desjardins Global Tactical Bond Fund
(A-, I-, C- and F-Class Units)
Desjardins Canadian Preferred Share Fund
(A-, I-, C- and F-Class Units)
Desjardins Emerging Markets Bond Fund
(A-, I-, C- and F-Class Units)

BALANCED FUNDS

Desjardins Tactical Balanced Fund
(A-, I-, C- and F-Class Units)
Desjardins Québec Balanced Fund
(A-, T-, I-, C-, R-, F- and S-Class Units)
Desjardins Global Balanced Strategic Income
Fund (A-, T6-, I-, C-, R6-, F- and S6-
Class Units)
Desjardins Dividend Income Fund
(A-, T-, I-, C-, R-, F- and S-Class Units)

CANADIAN EQUITY FUNDS

Desjardins Dividend Growth Fund
(A-, T-, I-, C-, R-, F- and S-Class Units)
Desjardins Canadian Equity Income Fund
(A-, T-, I-, C-, R-, F- and S-Class Units)
Desjardins IBrix Canadian High Dividend
Equity Fund (A-, T-, I-, C-, R-, F-
and S-Class Units)
Desjardins IBrix Canadian Equity Focus Fund
(A-, T-, I-, C-, R-, F- and S-Class Units)
Desjardins Canadian Equity Fund
(A-, I-, C- and F-Class Units)
Desjardins Canadian Equity Value Fund
(A-, T-, I-, C-, R-, F- and S-Class Units)
Desjardins Canadian Equity Growth Fund
(A-, I-, C- and F-Class Units)
Desjardins Canadian Small Cap Equity Fund
(A-, I-, C- and F-Class Units)

AMERICAN EQUITY FUNDS

Desjardins American Equity Value Fund
(A-, I-, C- and F-Class Units)
Desjardins American Equity Growth Fund
(A-, I-, C- and F-Class Units)
Desjardins American Equity Growth Currency
Neutral Fund (A-, I-, C- and F-Class Units)
Desjardins SocieTerra American Equity Fund
(A-, I-, C- and F-Class Units)

GLOBAL AND INTERNATIONAL EQUITY FUNDS

Desjardins IBrix Low Volatility Global Equity
Fund (A-, I-, C- and F-Class Units)
Desjardins Overseas Equity Value Fund
(A-, I-, C- and F-Class Units)
Desjardins Overseas Equity Growth Fund
(A-, I-, C- and F-Class Units)
Desjardins Global Dividend Fund
(A-, T-, I-, C-, R-, F- and S-Class Units)
Desjardins Global Equity Value Fund (A-, T-,
I-, C-, R-, F- and S-Class Units) (formerly
Desjardins Global All Cap Equity Fund)
Desjardins IBrix Global Equity Focus Fund
(A-, T-, I-, C-, R-, F- and S-Class Units)
Desjardins Global Equity Growth Fund
(A-, I-, C- and F-Class Units)
Desjardins SocieTerra Environment Fund
(A-, I-, C- and F-Class Units)*
(formerly Desjardins Environment Fund)
Desjardins Global Small Cap Equity Fund
(A-, I-, C- and F-Class Units)
Desjardins SocieTerra Cleantech Fund
(A-, I-, C- and F-Class Units)
Desjardins IBrix Low Volatility Emerging
Markets Fund (A-, I-, C- and F-Class Units)
Desjardins Emerging Markets Fund
(A-, I-, C- and F-Class Units)
Desjardins Emerging Markets Opportunities
Fund (A-, I-, C- and F-Class Units)

SPECIALTY FUNDS

Desjardins Global Infrastructure Fund
(A-, T-, I-, C-, R-, F- and S-Class Units)

INVESTMENT SOLUTIONS

Melodia Very Conservative Income Portfolio
(A-, T4-, I-, C-, R4-, F- and S4-Class Units)
Melodia Conservative Income Portfolio
(A-, T4-, I-, C-, R4-, F- and S4-Class Units)
Melodia Moderate Income Portfolio
(A-, T5-, I-, C-, R5-, F- and S5-Class Units)
Melodia Diversified Income Portfolio
(A-, T6-, I-, C-, R6-, F- and S6-Class Units)
Melodia Moderate Growth Portfolio
(A-, I-, C- and F-Class Units)
Melodia Diversified Growth Portfolio
(A-, I-, C- and F-Class Units)
Melodia Balanced Growth Portfolio
(A-, I-, C- and F-Class Units)
Melodia Aggressive Growth Portfolio
(A-, I-, C- and F-Class Units)
Melodia Maximum Growth Portfolio
(A-, I-, C- and F-Class Units)
Melodia 100% Equity Growth Portfolio
(A-, I-, C- and F-Class Units)
SocieTerra Conservative Portfolio
(A-, T4-, I-, C-, R4-, F-, S4-
and Z4-
Class Units)* (formerly SocieTerra Secure
Market Portfolio)
SocieTerra Balanced Portfolio (A-, T5-, I-, C-,
R5-, F-, S5- and Z5-Class Units)*
SocieTerra Growth Portfolio (A-, T5-, I-, C-,
R5-, F- and S5-Class Units)*
SocieTerra Maximum Growth Portfolio
(A-, T6-, I-, C-, R6-, F- and S6-Class Units)*
(formerly SocieTerra Growth Plus Portfolio)
Chorus II Conservative Low Volatility
Portfolio (A-, T4-, T6-, C-, R4-, R6-, F-, S4-
and S6-Class Units) (formerly Chorus II
Conservative Portfolio)
Chorus II Moderate Low Volatility Portfolio
(A-, T4-, T6-, C-, R4-, R6-, F-, S4- and S6-
Class Units) (formerly Chorus II Balanced
Income Portfolio)
Chorus II Balanced Low Volatility Portfolio
(A-, T5-, T7-, C-, R5-, R7-, F-, S5- and S7-
Class Units) (formerly Chorus II Balanced
Growth Portfolio)
Chorus II Growth Portfolio (A-, T5-, T7-, C-,
R5-, R7-, F-, S5- and S7-Class Units)
Chorus II Dynamic Growth Portfolio (A-, T6-,
T8-, C-, R6-, R8-, F-, S6- and S8-Class Units)
(formerly Chorus II High Growth Portfolio)
Chorus II Maximum Growth Portfolio (A-, T6-,
T8-, C-, R6-, R8-, F-, S6- and S8-Class Units)

* This Fund follows a socially responsible approach to investing.

FOR THE PERIOD OF OCTOBER 1, 2016 TO SEPTEMBER 30, 2017

CORPORATE FUNDS**INCOME FUNDS**

Desjardins Money Market Corporate Class
(Series A and C Shares)**

Desjardins Canadian Preferred Share Class
(Series A and C Shares)

CANADIAN EQUITY FUNDS

Desjardins Dividend Growth Corporate Class
(Series A, T, C and R Shares)**

Desjardins Canadian Equity Income Corporate
Class (Series A, T, C and R Shares)**

Desjardins IBrix Canadian High Dividend
Equity Corporate Class (Series A, T, C
and R Shares)**

Desjardins IBrix Canadian Equity
Focus Corporate Class (Series A, T, C
and R Shares)**

Desjardins Canadian Equity Value Corporate
Class (Series A, T, C and R Shares)**

Desjardins Canadian Equity Growth Corporate
Class (Series A and C Shares)**

AMERICAN EQUITY FUNDS

Desjardins American Equity Growth Corporate
Class (Series A and C Shares)**

Desjardins American Equity Growth
Currency Neutral Corporate Class
(Series A and C Shares)

GLOBAL AND INTERNATIONAL EQUITY FUNDS

Desjardins Overseas Equity Growth Corporate
Class (Series A and C Shares)**

Desjardins Global Equity Growth Corporate
Class (Series A and C Shares)**

Desjardins Global Small Cap Equity Corporate
Class (Series A and C Shares)**

Desjardins Emerging Markets Opportunities
Corporate Class (Series A and C Shares)**

INVESTMENT SOLUTIONS

Chorus II Corporate Class Conservative Low
Volatility Portfolio (Series A, T4, T6, C,
R4 and R6 Shares)** (formerly Chorus II
Corporate Class Conservative Portfolio)

Chorus II Corporate Class Moderate Low
Volatility Portfolio (Series A, T4, T6, C,
R4 and R6 Shares)** (formerly Chorus II
Corporate Class Balanced Income Portfolio)

Chorus II Corporate Class Balanced Low
Volatility Portfolio (Series A, T5, T7, C,
R5 and R7 Shares)** (formerly Chorus II
Corporate Class Balanced Growth Portfolio)

Chorus II Corporate Class Growth Portfolio
(Series A, T5, T7, C, R5 and R7 Shares)**

Chorus II Corporate Class Dynamic
Growth Portfolio (Series A, T6, T8, C, R6
and R8 Shares)** (formerly Chorus II
Corporate Class High Growth Portfolio)

Chorus II Corporate Class Maximum
Growth Portfolio (Series A, T6, T8, C, R6
and R8 Shares)**

** Each Corporate Fund is a class of mutual fund shares of Desjardins Funds
Corporate Class Inc.